Prospects Bright for U.S. Poultry Exports to the Balkans

By Holly Higgins

Since 1998, U.S. poultry exports, particularly broiler leg quarters, have increased approximately 35 percent to the Balkans (Albania, Bulgaria, Macedonia, Romania and Yugoslavia), and in the first nine months of 2001 totaled more than $30 million. As this region undergoes recovery from the ravages of war in the 1990s, demand is expected to continue to grow. Already there is significant retail mark-up for poultry in urban markets, indicating strong consumer demand.

Market Constraints

High tariffs throughout the region pose a major constraint to legitimate customs-valued trade. In Bulgaria, for example, a 74-percent tariff on broiler leg quarters has driven a major portion of the international poultry trade into the black market.

Countries in the region also have preferential arrangements that in some cases leave U.S. companies at a competitive disadvantage. The Central European Free Trade Area, composed of Hungary, the Czech Republic, Romania, Bulgaria, Poland, the Slovak Republic and Slovenia, is the major free trade entity in the region. In addition, Bulgaria, Romania and Yugoslavia give preferential tariff breaks, including preferential import and export quotas, to European Union (EU) nations.

The majority of the poultry trade to the region arrives at the port of Thessalonika, Greece and then moves to the Balkans by truck. Most shipments to Romania, however, arrive by truck from

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Hungary. The lack of cold storage on the Black Sea coast has limited direct imports to Romania, Bulgaria and Moldova, although the situation is improving. The Romanian port of Tulcea has new cold storage facilities for frozen poultry. In addition, the Bulgarian port of Burgas is building new cold store warehouses.

And a Golden Opportunity

Despite these trade impediments, the entire region wants U.S. poultry. Not enough is produced locally to meet consumer needs. Hungarian chicken is often sold whole, frozen, while local product is usually consumed fresh packed. Only U.S. suppliers offer multiple products such as frozen leg quarters at competitive prices.

To garner a larger share of the market, U.S. poultry exporters can make their product more competitive in several ways.

Pricing is crucial. While U.S. poultry prices have been generally competitive throughout the region, they fluctuate widely. For example, during 2001 the price ranged from $700 to $1,200 per metric ton. These sharp oscillations, in some cases, prevent U.S. companies from becoming steady suppliers.

U.S. exporters would also benefit from improved packaging. Most U.S. poultry is exported in large bulk cartons (40 lbs.) that are difficult to handle. By contrast, poultry from EU states is packed in smaller boxes or in supermarket-style plastic bags. Improved packaging would enhance the chances of getting U.S. poultry to upscale markets, particularly in Bucharest, Sofia and other large cities throughout the region.

All U.S. poultry exporters shipping to the Balkans need to have dual language labels on individual packages—one in English and one in the language of the destination country. The label should include the product name, the name and address of the exporter and importer, production and expiration date, net weight and storage recommendations.

If U.S. poultry exporters and their local distributors improve their pricing, packaging and labeling, the volume of their products heading to the Balkans should continue to rise. ■

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